

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 COME-00 EB-11 TRSE-00 SS-15 OPR-02

NSC-10 PRS-01 DRC-01 RSC-01 SSO-00 CCO-00 L-03 INR-10

NSCE-00 SCI-06 SPC-03 PM-07 INRE-00 /096 W

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O P 031044Z OCT 73

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC IMMEDIATE 7403

INFO AMEMBASSY BONN PRIORITY

LIMITED OFFICIAL USE SECTION 1 OF 2 BELGRADE 4425

BONN PASS TO DAVID BOLEN, TDY

E.O. 11652: N/A

TAGS: OVIP, YO

SUBJECT: SECRETARY SHULTZ VISIT TO YUGOSLAVIA: OPENING
STATEMENT FOR TALKS WITH GOY

REF: STATE 195806

1. QUOTED BELOW IS EMBASSY DRAFT OF SECRETARY SHULTZ'S OPENING
STATEMENT FOR U.S. - YUGOSLAV TALKS, SCHEDULED FOR MORNING
MEETING OCTOBER 6, 1973:

QUOTE

MR. VICE PRESIDENT,

MY COLLEAGUES AND I APPRECIATE YOUR WARM REMARKS OF WELCOME. THEY ARE
INDEED SYMBOLIC OF THE COOPERATION AND UNDERSTANDING WHICH HAS
CHARACTERIZED OUR RELATIONS OVER THE YEARS. PARA. WE REGARD OUR
VISIT AS AN INTEGRAL PART OF OUR BILATERAL CONSULTATIONS WHICH
BEGAN WITH STATE VISITS AND TALKS OF PRESIDENTS NIXON AND TITO IN
1970 AND 1971. OUR PURPOSE IS TO REVIEW THE OVER-ALL STATE OF
U.S.-YUGOSLAV ECONOMIC RELATIONS, NOTE ACHIEVEMENTS AND CONSIDER
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FURTHER STEPS WE MIGHT TAKE TO IMPROVE AND INTENSIFY OUR ECONOMIC

AND COMMERCIAL TIES. PARA. OUR OVER-ALL ECONOMIC RELATIONS HAVE BEEN BETTER. DR. SIROTKOVIC, YOUR VISIT TO THE UNITED STATES CONTRIBUTED A GREAT DEAL. WE CAN POINT TO A NUMBER OF SOLID ACHIEVEMENTS WITHIN THE PAST YEAR THAT REPRESENT NEW MILESTONES IN OUR RELATIONS. THEY WERE ALL MATTERS ON YOUR AGENDA DURING YOUR WASHINGTON STAY. AGREEMENT ON OPIC INVESTMENT GUARANTEES WAS RATIFIED AND BECAME EFFECTIVE IN MAY. IN MAY WE AGREED ON THE ESTABLISHMENT OF A JOINT U.S.-YUGOSLAV BOARD ON SCIENTIFIC AND TECHNOLOGICAL COOPERATION AND THE SETTING UP OF A JOINT FUNDING ARRANGEMENT. JUST TWO WEEKS AGO WE SIGNED A CIVIL AIR CHARTER BILATERAL AGREEMENT, PROVIDING FOR ORDERLY GROWTH OF AIR CHARTER TRAFFIC. FINALLY, WE HAVE AGREED TO WORK TOWARD ESTABLISHING CHAMBERS OF COMMERCE TO BE LOCATED IN THE UNITED STATES AND YUGOSLAVIA. THIS IS AN IMPRESSIVE LISTING OF ACHIEVEMENTS FOR SUCH A SHORT PERIOD OF TIME. THEY REPRESENT CORNERSTONES ON WHICH OUR GOVERNMENTS CAN BUILD EVEN STRONGER AND MORE BENEFICIAL RELATIONS IN YEARS TO COME, BASED ON MUTUAL RESPECT AND ADVANTAGE. PARA. EVIDENCE ALREADY EXISTS THAT OUR RECENT EFFORTS ARE HAVING AN IMPACT ON OUR OVER-ALL TRADE AND INVESTMENT RELATIONS. TRADE WAS UP 20 PERCENT FOR THE FIRST SIX MONTHS THIS YEAR, ALTHOUGH THE U.S. SHARE IN YUGOSLAVIA'S TOTAL TRADE DECLINED SOMEWHAT. AMERICAN TOURIST OVERNIGHT STAYS SHOWED A RECORD 30 PERCENT INCREASE WITH PROMISING PROSPECTS FOR FURTHER GROWTH. THE NUMBER OF JOINT VENTURE AGREEMENTS CONCLUDED INCREASED FROM 3 TO 10 AND THE AMOUNT OF AMERICAN CAPITAL INVOLVED ROSE FROM \$3-MILLION TO \$17-MILLION DURING THIS YEAR. A NEW \$85-MILLION CCC LINE OF CREDIT WAS APPROVED AND OUR COMMERCIAL BANKS WERE ACTIVE IN THE LENDING FIELD. EXPORT-IMPORT BANK ACTIVITY CONTINUED AT A BRISK PACE. WITH REGARD TO PLANS FOR THE SALE OF YUGOSLAV BONDS IN THE U.S., WE NOTE THAT YOUR GOVERNMENT HAS PROCEEDED WITH THE SELECTION OF AN AMERICAN COMPANY AS THE PRINCIPAL UNDERWRITER. WE ARE PLEASED THAT YUGOSLAVIA HAS REACHED THE STAGE IN ITS DEVELOPMENT WHERE SUCH LONG-TERM FINANCING CAN BE CONSIDERED. PARA. OUR SCIENTISTS AND TECHNICIANS AS WELL AS THE INSTITUTIONS AND AGENCIES THEY REPRESENT HAVE NOTED WITH GRATIFICATION THE JOINT FUNDING ARRANGEMENT FOR OUR COOPERATIVE PROGRAMS IN SCIENCE AND TECHNOLOGY. THE JOINT BOARD MET IN JULY AND CONSIDERED A LARGE NUMBER OF MUTUALLY BENEFICIAL PROJECTS IN AGRICULTURE, ELECTRIC ENERGY, WATER RESOURCES, HEALTH AND ENVIRONMENTAL RESEARCH. I AM TOLD THAT AT THIS MEETING BOTH SIDES SHOWED A COMMENDABLE SPIRIT OF COOPERATION AND COMPROMISE AND THE BOARD IS OFF TO A LIMITED OFFICIAL USE

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GOOD START. PARA. THESE PROGRAMS HAVE BEEN HELPFUL IN INTRODUCING NEW CAPITAL AND TECHNOLOGY AND HAVE SERVED OUR MUTUAL INTERESTS. PARA. WE AGREE THAT INTENSIFICATION OF COMMERCIAL CONTACTS WILL ACCELERATE DEVELOPMENT OF LONG-TERM ECONOMIC RELATIONS. WE WERE PLEASED THAT YOU MOVED SO FAST IN EXAMINING THE CHAMBER OF COMMERCE IDEA. PARA. THE U.S. HAS ALSO TAKEN ACTION IN OTHER CHANNELS TO EXPAND CONTACTS AND TRADE. FIVE TRADE MISSIONS HAVE VISITED YUGOSLAVIA SINCE MAY OF THIS YEAR INCLUDING REPRESENTATIVES OF THE FOOD

PROCESSING AND FLUID POWER INDUSTRIES, THE AMERICAN APPAREL MANUFACTURING ASSOCIATION, AND THE STATES OF FLORIDA AND NORTH CAROLINA. THE U.S. GOVERNMENT HAS SPONSORED FOUR TRADE SHOWS THIS YEAR INVOLVING AGRICULTURE, POLLUTION CONTROL, AND BIO-MEDICAL AND ELECTRONIC EQUIPMENT. THESE MISSIONS AND FAIRS WERE HIGHLY SUCCESSFUL AND CLEARLY DEMONSTRATED THE VALUE OF EXPANDING BUSINESS CONTACTS. PARA. LOOKING TO THE FUTURE, WE BELIEVE THE SMALL SHARE OF THE U.S. IN YUGOSLAVIA'S TOTAL TRADE INDICATED POSSIBILITIES FOR FURTHER GROWTH. WE STAND READY TO FOSTER BILATERAL TRADE THROUGH TRADE FAIRS, TRADE MISSIONS, EXIM FINANCING, AND BY ENCOURAGING VISITS OF BUSINESS EXECUTIVES TO CONSIDER JOINT VENTURES AND CO-PRODUCTION ARRANGEMENTS. WITH SECRETARY DENT'S HELP WE WILL WORK HARD TO GET THE CHAMBER OF COMMERCE PROJECT OFF THE GROUND. THE U.S. WILL DO WHAT IT CAN TO PROMOTE TOURISM AND WOULD WELCOME A VISIT BY A YUGOSLAV DELEGATION TO DISCUSS THIS MATTER. BOTH SIDES SHOULD WORK WITH DILIGENCE TO PUT OUR VALUABLE COOPERATION IN SCIENCE AND TECHNOLOGY ON A LONG-TERM, INSTITUTION-TO-INSTITUTION BASIS. PARA. YUGOSLAVIA HAS A NUMBER OF HIGH PRIORITY INDUSTRIAL AND AGRICULTURAL PROJECTS

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NSCE-00 SCI-06 SPC-03 PM-07 INRE-00 /096 W

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FM AMEMBASSY BELGRADE

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INFO AMEMBASSY BONN PRIORITY

LIMITED OFFICIAL USE SECTION 2 OF 2 BELGRADE 4425

BONN PASS TO DAVID BOLEN, TDY

UNDER CONSIDERATION WHICH OFFER EXCELLENT OPPORTUNITIES FOR THE INTRODUCTION OF THE LATEST AMERICAN TECHNOLOGY INTO YUGOSLAVIA.

CHIEF AMONG THESE IS THE KRSKO NUCLEAR POWER PROJECT. I WISH TO EMPHASIZE OUR INTEREST IN THIS PROJECT. THE AMERICAN FIRMS BIDDING FOR THE CONTRACT ARE WORLD RENOWNED FOR THE SUPERIOR TECHNOLOGY OF THEIR NUCLEAR REACTORS, THEIR RELIABILITY AND THEIR SUPERB SAFETY RECORD. AMERICAN PARTICIPATION IN THE KRSKO PROJECT WOULD SERVE AS A MAJOR CATALYST FOR THE EXPANSION OF OUR OVER-ALL ECONOMIC RELATIONS. PARA. TURNING NOW TO MULTILATERAL ISSUES, WE, OF COURSE, RECOGNIZE THAT THE PROBLEM OF THE ECONOMIC HEALTH OF DEVELOPING COUNTRIES IS ONE OF THE KEY ISSUES OF THE CONTEMPORARY WORLD. THESE COUNTRIES SHOULD HAVE IMPROVED ACCESS TO THE MARKETS OF DEVELOPED COUNTRIES. THE U.S. WILL CONSIDER WITH CARE AND SYMPATHY SPECIAL ARRANGEMENTS WITHIN THE NEW TRADING AND MONETARY SYSTEM WHICH MAY BE APPROPRIATE TO MEET DEVELOPMENT NEEDS MORE EFFECTIVELY. WE BELIEVE THAT THE NEW ROUND OF TRADE NEGOTIATIONS SHOULD PROVIDE MAJOR IMPROVEMENTS FOR THE DEVELOPING WORLD INCLUDING SPECIAL MEASURES AND REDUCTION IN NON-TARIFF BARRIERS. PARA. AMBASSADOR EBERLE'S TALKS WITH DR. VRATUSA IN JUNE VERY CLEARLY BROUGHT OUT THAT OUR OBJECTIVES IN INTERNATIONAL TRADE NEGOTIATIONS MORE OR LESS COINCIDE. WE LOOK FORWARD TO A CONTINUATION OF THESE USEFUL EXCHANGES AND BELIEVE THE U.S. AND YUGOSLAVIA SHOULD LIMITED OFFICIAL USE

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CONSIDER SOME JOINT AND PARALLEL INITIATIVES FOR TRADE LIBERALIZATION.

PERHAPS WE COULD WORK MORE EFFECTIVELY FOR A PHASE-OUT OF REVERSE PREFERENCES AND INCORPORATION OF SPECIAL PREFERENCES INTO GENERALIZED PREFERENCE SCHEMES. PARA. THESE ARE SOME OF MY THOUGHTS ON RECENT PROGRESS IN THE DEVELOPMENT OF OUR ECONOMIC RELATIONS AND THE DIRECTIONS WHICH OUR FURTHER EFFORTS MIGHT TAKE. MEANWHILE, I LOOK FORWARD TO HEARING THE FURTHER VIEWS OF THE YUGOSLAV SIDE. I SHALL, OF COURSE, BE GLAD TO EXPOUND ON THE POSITIONS OUR DELEGATIONS TOOK IN TOKYO AND NAIROBI, IF YOU THINK THIS USEFUL; I'M SURE DR. VRATUSA AND MR. SMOLE, WHO ARE WELL ACQUAINTED WITH OUR POSITION, HAVE DESCRIBED THEM IN DETAIL TO THEIR COLLEAGUES IN BELGRADE.

END QUOTE.

2. PER REFTEL, PARA 1, SENTENCE PERTAINING TO JOINT CHAMBERS HAS BEEN DELETED FROM ARRIVAL STATEMENT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: collinp0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BELGRA04425
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731055/aaaabobs.tel
Line Count: 213
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 195806
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 12 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12-Oct-2001 by shawdg>; APPROVED <20 FEB 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECRETARY SHULTZ VISIT TO YUGOSLAVIA: OPENING STATEMENT FOR TALKS WITH GOY
TAGS: OVIP, YO, (SHULTZ)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005